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UNCLAS ROME 001848

SIPDIS

STATE FOR OES/SAT/RALPH BRAIBANTI AND JULIE KARNER  
USDOC FOR IGEB/SSG GREG FINLEY  
USDOC ALSO PASS OFFICE OF SPACE COMMERCIALIZATION  
SECDEF FOR OASD/C31 RAY SWIDER

E.O. 12958: N/A

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SUBJECT: ITALIAN RESPONSE TO GALILEO DEMARCHE

REF: STATE 42830

11. (SBU) SUMMARY: POST DISCUSSED REFTEL GALILEO TALKING POINTS WITH THE MINISTRY OF FOREIGN AFFAIRS (MFA), THE ITALIAN SPACE AGENCY (ASI) AND THE MINISTRY OF INFRASTRUCTURE AND TRANSPORTATION (MIT). THE OFFICIAL GOI RESPONSE WAS PROVIDED BY THE CHAIRMAN OF THE ITALIAN GALILEO STEERING COMMITTEE, RENATO LIBASSI, ON MARCH 29, 2002. LIBASSI ACKNOWLEDGED USG CONCERNS ABOUT GPS/GALILEO INTEROPERABILITY. HE ASSURED US THAT MILITARY APPLICATIONS FOR GALILEO WERE NOT BEING EXPLORED AND THAT THE EUROPEAN UNION DID NOT INTEND TO ESTABLISH A REGULATORY REGIME THAT WOULD MANDATE GALILEO USAGE. LIBASSI ALSO DESCRIBED ITALY'S INCREASING ROLE IN GALILEO'S DEVELOPMENT, INCLUDING A 25 PERCENT STAKE IN DEVELOPMENT COSTS. END SUMMARY.

12. (U) POST DELIVERED GALILEO TALKING POINTS (REF) TO MIT DIPLOMATIC ADVISOR RENATO LIBASSI, WHO IS THE CURRENT CHAIRMAN OF THE ITALIAN GOVERNMENT'S GALILEO STEERING COMMITTEE (GSC), COUNSELOR CARLO GUICCIARDI OF THE ITALIAN FOREIGN MINISTRY'S DEPARTMENT OF SCIENCE AND TECHNOLOGY, ASI PRESIDENT SERGIO VETRELLA, FRANCO MARCONICCHIO, ASI REPRESENTATIVE TO THE EUROPEAN UNION (EU) TECHNICAL WORKING GROUP FOR GALILEO, AND RETIRED ITALIAN NAVY VICE ADMIRAL GIORGIO CAPRA, THE FORMER GSC CHAIRMAN. POST DISTRIBUTED THE TALKING POINTS WIDELY AS PART OF OUR EFFORT TO COMPOSE A REPRESENTATIVE PANEL OF THE DIVERSE GOI STAKEHOLDERS IN GALILEO FOR A PROPOSED DVC WITH SENIOR USG GALILEO/GPS NEGOTIATORS. LIBASSI PROVIDED THE OFFICIAL GOI RESPONSE TO  
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THE DEMARCHE DURING A MEETING WITH EST OFFICERS ON MARCH 29,  
12002.

13. (SBU) IN THEIR MEETING WITH LIBASSI, ESTOFFS HIGHLIGHTED WASHINGTON CONCERNS REGARDING THE PROPOSED OVERLAY OF GPS'S MILITARY SIGNAL BY GALILEO, THE CREEPING EVOLUTION OF GALILEO FROM A CIVILIAN-ONLY TO A DUAL-USE SYSTEM AND THE POSSIBILITY THAT THE EUROPEANS MIGHT CREATE A REGULATORY FRAMEWORK THAT WOULD MANDATE GALILEO SERVICES FOR USERS OPERATING WITHIN THE EUROPEAN UNION. LIBASSI NOTED USG CONCERNS, PARTICULARLY REGARDING THE OVERLAY OF THE M-CODE. HE ALSO STATED THAT DURING THE EU TRANSPORT COUNCIL MEETING ON MARCH 25-26, THE MEMBER STATES REITERATED THE FACT THAT THE EUROPEAN COMMISSION (EC) WAS NOT COMPETENT IN THE FIELD OF MILITARY COOPERATION. HE ADDED THAT THE MEMBER STATES HAD AGREED THAT "GALILEO WOULD NOT COMPETE IN THE MILITARY MARKET." LIBASSI'S MESSAGE WAS THAT THE TRANSPORT COUNCIL HAD BLOCKED FOR NOW EXPANSION OF GALILEO INTO THE MILITARY SECTOR AND THAT ANY CHANGE IN THIS DECISION WOULD BE COORDINATED IN NATO STRUCTURES. GALILEO'S ABILITY TO ATTRACT PAYING CUSTOMERS TO ITS FEE-BASED SERVICES WOULD BE BASED ON FREE MARKET PRINCIPLES AND NOT REGULATORY MANDATES.

14. (SBU) LIBASSI SAID THAT THE GOI DID NOT WANT TO GET OUT AHEAD OF THE EU CONSENSUS ON GALILEO. THE GOI WANTS GALILEO/GPS COOPERATION AND U.S.-EU DISCUSSIONS TO RECOMMENCE AS SOON AS POSSIBLE. HE ADDED THAT THE GOI WAS CONFIDENT THAT A U.S.-EU AGREEMENT WOULD BE ACHIEVED AND THAT THERE WOULD EVENTUALLY BE A COMPLEMENTARY "CONVERGENCE" BETWEEN GALILEO AND GPS, WHICH WOULD ALLOW THE US AND THE EU TO PRESENT A RANGE OF COMPATIBLE GLOBAL POSITIONING AND TIMING  
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SIGNAL PRODUCTS TO THE CONSUMER.

15. (SBU) WHEN EST OFFICERS QUESTIONED GALILEO'S PROFITABILITY, LIBASSI RESPONDED PLAINLY THAT THE EUROPEANS WERE PURSUING GALILEO PRIMARILY FOR POLITICAL RATHER THAN ECONOMIC REASONS. (EMBASSY COMMENT: LIBASSI IMPLIED THAT TO GALILEO'S EU SUPPORTERS AN INDEPENDENT EUROPEAN GNSS WAS A GOAL IN AND OF ITSELF. END COMMENT) NEVERTHELESS, HE DID EXPRESS CONFIDENCE THAT SOME GALILEO SERVICES COULD PRODUCE A RETURN TO THE INVESTMENT OF PARTICIPATING PRIVATE FIRMS. SPECIFICALLY, HE CITED THE PROVISION OF TIMING AND POSITIONING SIGNALS WHOSE ACCURACY WOULD BE CONTRACTUALLY GUARANTEED, WHICH COULD PROVIDE MORE LIABILITY PROTECTION TO BUSINESSES USING GALILEO SIGNALS. AT ONE POINT, HE ALLUDED TO A POSSIBLE GLOBAL MARITIME AGREEMENT MANDATING THE USE OF

GLOBAL POSITIONING TRANSPONDERS ON ALL SEACRAFT AS A MARITIME SAFETY MEASURE. HE NOTED THAT ITALY'S SHARE IN THE FUNDING OF GALILEO HAS RISEN TO 25 PERCENT OF THE TOTAL DEVELOPMENT COSTS, WHICH MEANS THAT ITALY'S PARTICIPATION IS EQUAL TO THAT OF FRANCE AND GERMANY. THEREFORE, THE THREE COMPANIES THAT COMPRISE GALILEO INDUSTRIES (ALENIA, ASTRIUM (GERMANY) AND ALCATEL (FRANCE)) WILL LIKELY GET THE LION'S SHARE OF EU MONEY IN THE ENGINEERING PHASE OF THE PROJECT.  
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